



**SUSTAINABILITY OF SEAGOING VESSEL
BUILDING INDUSTRY OF SRI LANKA
WITH SPECIAL EMPHASIS ON
COLOMBO DOCKYARD PLC**

BY

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Abstract

The recent world economic crisis affected almost every business in the world. One of them, seaborne trade experienced a dramatic downturn in freight rates, more than a 70% drop by then end of 2008, keeping the world's fleet of ships idling. This had a direct impact on global ship & vessel building industry in spite of 2007 being the record breaking year for the industry.

While many shipbuilders are experiencing difficulties in surviving, Sri Lankan seagoing vessel building industry, dominated by shipbuilder Colombo Dockyard PIC (CDPIC), needs strategies and supportive national policies to overcome the crisis situation and also to reap the maximum benefit out of this downturn. Still shipbuilding is also not a major industry in Sri Lanka and it needs to be promoted for a sustainable economic development.

In order to suggest strategies and policies, the current situation of the local industry forces and sustainability have been assessed. A questionnaire survey, covering the industry experts, engineers and senior managers, based on Porter's five forces model and the conceptual model on Sustainability of the industry in terms of Technological, Economic, Socio-Political and Environmental has been carried out. Backed by the macro environmental analysis, SWOT profile and the value chain analysis for the industry with special emphasis on CDPIC, the strategies and policies have been extracted and adapted. The research findings show that the effect of the industry forces and the level of sustainability of the local seagoing vessel building industry are at a medium level, except the power of the suppliers. Thus, as a grand strategy, Differentiation is recommended for long-term, accompanied by many value adding activities for local firms. Also it will help to stabilise market in terms of industry forces. However, in short-term, local vessel builders shall concentrate on Market Development, Product Development and Market Penetration in order to achieve the competitive advantage in the industry.



Finally, the recommended policies imply more emphasis on developing technology related activities and acquisition & assimilation of new technologies. Also the economic and environmental aspects were also considered as important in these policies.